

12. STRENGTHENING FEDERAL STATISTICS

Economic statistics are valuable tools that policy makers, industry leaders, and individuals use to understand developments in our economy. Their ability to make appropriate decisions about taxes, work, investments, and a host of other important issues depends critically on the relevance, accuracy, and timeliness of federal statistics. Data on real Gross Domestic Product (GDP), the Consumer Price Index (CPI), and the trade deficit, for example, have a major impact on government spending, budget projections, and the allocation of federal funds. They also are critical to monetary, fiscal, trade, and regulatory policy. Economic data, such as measures of price change, have a significant influence on interest rates and cost-of-living adjustments that affect every American who runs a business, saves for retirement, or obtains a mortgage. The Administration has proposed initiatives to recognize new financial instruments, such as derivatives, in the Balance of Payments; continue to improve the Consumer Price Index; strengthen the source data used to measure the service sector; and accelerate the release of critical economic statistics. These initiatives will improve the quality of current federal economic statistics.

Similarly, current, comparable data on the characteristics of the U.S. population are essential to monitor significant societal changes. The plan for the next decade is to re-engineer the 2010 Census in order to reduce operational risks, improve accuracy, provide more relevant data, and contain costs. The approach has three components:

- a simplified, short form only, 2010 Census and more timely data based on eliminating the decennial long form through the implementation of the American Community Survey;
- a central, continuously updated address universe and associated geographical products employing satellite and Global Positioning System technology for use in all decennial census and demographic survey programs; and
- a well-tested and planned 2010 Census design produced through systematic development well before mid-decade operational testing.

In particular, the American Community Survey represents a major modernization of the statistical system that will provide community profiles similar to those from the decennial census, but on a far more current basis. This will shift the traditional “once every ten years” long form data collection and data dissemination activity to a continuous activity providing current data every year.

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal statistical agencies continue to extend their collaborative endeavors in order to improve the overall performance and efficiency of the federal statistical system. Several recent initiatives will enhance the quality of data the federal statistical system produces. First, the passage of the Confidential Information Protection

and Statistical Efficiency Act of 2002 (CIPSEA), included as Title V in the E-Government Act of 2002 (Public Law 107-347), provides a uniform set of confidentiality protections and extends these protections to all individually identifiable data collected for statistical purposes under a pledge of confidentiality; this Act also permits the sharing of business data among the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Bureau of the Census. Since 1971, the Executive Branch has sought to shore up legal protection for the confidentiality of statistical information, as well as to permit some limited sharing of data for statistical purposes. The ability to share data will reduce paperwork burdens on businesses that provide information to the government and improve the comparability and accuracy of federal economic statistics. To achieve the greatest benefits from CIPSEA, complementary changes are needed in the “Statistical Use” section of the Internal Revenue Code. A legislative proposal to effect these changes has been endorsed by the Administration and submitted to the Congress.

Second, the statistical agencies have developed a common statement of their principles for information quality, as well as their own individual statistical agency information quality guidelines. These actions were taken in response to OMB’s Information Quality Guidelines (Public Law 106-554, known as the “Information Quality Law”). The Information Quality Law represents the first time that the Executive Branch has developed a government-wide set of information quality guidelines, including agency-specific guidelines tailored to each agency’s unique programs and information. Statistical agencies played a leadership role throughout the federal government in developing a comprehensive and consistent approach for implementation.

Third, the ICSP has formed a working group of information technology (IT) leaders to better coordinate and explore opportunities to foster improved IT collaboration among the statistical agencies. The working group is examining areas such as jointly supporting IT services that are common to the statistical agencies, and adopting a standard data description language known as the extensible markup language (XML). Using the capabilities of XML should allow agencies to more easily manage statistical data and provide broader access to data users, thereby achieving better quality data, improved cost management, and increased user satisfaction.

Fourth, the ICSP continues to support FedStats (www.fedstats.gov), the “one-stop shopping” Internet site for federal statistics. The site provides easy access via an initial point of entry to the wide array of statistical information available to the public from more than 100 federal agencies. The FedStats team has conducted a Section 508 Accessibility Workshop to identify best practices to make statistical agency web content accessible to people with disabilities and is preparing a working paper based on the workshop findings. It is

also examining ways to disseminate statistical information to promote a better understanding of statistics among the general public and to improve the FedStats search engine.

Despite these accomplishments, rapid changes in our economy and society can threaten the relevance, accuracy, and timeliness of our nation's key statistics. Any growing inability of our statistical system to mirror accurately our economy and society, including the unprecedented growth of electronic commerce, could undermine core government activities, such as the accurate allocation of scarce federal funds. Fortunately, the most serious shortcomings of our statistical infrastructure would be substantially mitigated by four programs supported in the Administration's budget. These initiatives would:

- continue support for early planning of the 2010 Census predicated on a fundamental re-engineering of the census process (Bureau of the Census);
- continue implementation of the American Community Survey program (Bureau of the Census);
- accelerate the release of some of the nation's most important economic statistics (Bureau of Economic Analysis); and

- increase the annual number of topical studies of key labor force issues (Bureau of Labor Statistics).

More broadly, the programs that provide essential statistical information for use by governments, businesses, researchers, and the public are carried out by some 70 agencies spread across every department and several independent agencies. Approximately 40 percent of the funding for these programs provides resources for ten agencies that have statistical activities as their principal mission. (Please see Table 12-1.) The remaining funding supports work in 60-plus agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations. More comprehensive budget and program information about the federal statistical system will be available in OMB's annual report, *Statistical Programs of the United States Government, Fiscal Year 2004*, when it is published this summer. The following highlights elaborate on the Administration's proposals to strengthen the programs of the principal federal statistical agencies.

HIGHLIGHTS OF 2004 PROGRAM PROPOSALS FOR PRINCIPAL STATISTICAL AGENCIES

Bureau of Economic Analysis: Funding is requested to move forward with critical improvements to the nation's economic accounts to: (1) accelerate the release of some of the nation's most important economic statistics to dramatically increase their usefulness to policy makers, business leaders, and other users; (2) update the U.S. Balance of Payments to recognize derivatives and other new financial instruments, and to meet U.S. statistical obligations to international organizations; (3) improve the economic accounts by acquiring monthly real-time data from private sources to fill data gaps in current measures; and (4) conduct a quarterly survey of large and volatile international services such as telecommunications, finance, and insurance.

Bureau of Justice Statistics: Funding is requested to enhance and maintain core statistical programs, including: (1) the National Crime Victimization Survey, the nation's primary source of information on criminal victimization, which plans to automate household data collection; (2) cybercrime statistics on the incidence, magnitude, and consequences of electronic and computer crime; (3) law enforcement data from over 3,000 agencies on the organization and administration of police and sheriffs' departments; (4) nationally representative prosecution data on resources, policies, and practices of local prosecutors; (5) court and sentencing statistics, including federal and state case processing data; and (6) data on correctional populations and facilities from federal, state, and local governments.

Bureau of Labor Statistics: Funding is requested to: (1) produce two Current Population Survey supplements on key labor force issues every year, such as volunteerism and worker turnover, to provide insights

into trends and their effect on the business cycle; (2) continue to modernize the computing systems for monthly processing of the Producer Price Index (PPI) and U.S. Import and Export Price Indexes, improve index accuracy, and produce new data outputs such as experimental PPI's for goods and services that will provide the first economy-wide measures of changes in producer prices; (3) continue to implement a significant change in the way the Consumer Price Index (CPI) is revised and updated by instituting a process for continuous improvement in place of the periodic major revisions that were undertaken about every ten years; and (4) continue to enhance and consolidate core BLS information technology infrastructure (through a central Department of Labor appropriation).

Bureau of the Census: Funding is requested for the Census Bureau's economic and demographic programs and for a re-engineered 2010 Census. For the Census Bureau's economic and demographic programs, funding is requested to: (1) support the completion of the data processing activities and product preparations associated with disseminating results of the 2002 Economic Census and the Census of Governments; (2) improve measurement of services by expanding key source data for critical quarterly and annual estimates of our nation's Gross Domestic Product; (3) offer electronic reporting for almost 100 current economic surveys; (4) provide computing capacity required for mission critical data products in the event of a disaster; and (5) implement the first new samples based on 2000 Census data for ongoing federal household surveys that gather data on topics such as crime, employment, and health. For 2010 Census planning, funding is requested to continue

to: (1) conduct extensive planning, testing, and development activities to support a re-engineered 2010 Census; (2) correct the accuracy of map feature locations in 600 of the nation's 3,232 counties; and (3) implement the American Community Survey to collect current "long form" data instead of using a long form in the 2010 Census.

Bureau of Transportation Statistics: Funding is requested to: (1) collect more timely, comprehensive, and geographically detailed data on freight movement and personal travel; (2) advance the Administration's Geospatial One-Stop e-Government initiative; (3) develop and produce a series of indicators of transportation system performance; (4) publish transportation issue briefs that bridge the gap between researchers and policy makers; and (5) improve the collection and analysis of airline data.

Economic Research Service: Funding is requested to: (1) strengthen the economic information and analytical bases for genomics research, application, and education program decisions in coordination with an increase in United States Department of Agriculture genomics research; and (2) develop the Security Analysis System for U.S. agriculture.

Energy Information Administration: Funding is requested to: (1) improve the data quality of natural gas and electricity surveys, (2) redesign petroleum surveys to reflect new fuel standards, (3) complete the update of the 20-year old survey designs for residential and commercial building energy consumption based on the 2000 Census, (4) integrate the operation of the Weekly Natural Gas Underground Storage Survey as an ongoing EIA activity, and (5) continue development and operation of the Voluntary Greenhouse Gases survey to support the President's Initiative on Greenhouse Gases.

National Agricultural Statistics Service: Funding is requested to: (1) restore and modernize the agricul-

tural estimates program to ensure the continuation of state, regional, and national level agricultural estimates of sufficient precision, quality, and detail to meet the needs of a broad customer base; (2) implement the NASS e-Government tactical plan, specifically the infrastructure needs and the continued development of electronic data reporting and enhanced services to the public; and (3) maintain development of an annual integrated locality-based county estimates program.

National Center for Education Statistics: Funding is requested to: (1) support new data collection for the Schools and Staffing Survey, the principal source of information on the characteristics of America's schools and the teachers and principals who work in them; (2) improve survey designs for the Study of Students and Faculty, the National Household Survey, and the October supplement to the Current Population Survey; (3) continue U.S. participation in data collections and analyses that depict international educational performance and permit comparison of United States' educational progress with those of other countries; (4) continue support for the National Assessment of Educational Progress (NAEP) Program and its role in the No Child Left Behind Act; and (5) improve electronic data collection and dissemination efforts.

National Center for Health Statistics: Funding is requested to: (1) maintain and rebuild several core data collections, including the National Health Interview Survey, which is undertaking a multi-year effort to identify the sample for household surveys for the next decade and to overhaul the basic systems through which data are collected, processed, and made available to users; and (2) support the National Health and Nutrition Examination Survey, through which health information is obtained by direct physical examinations and laboratory tests.

TABLE 12-1. 2002-2004 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES

(in millions of dollars)

	2002 actual	2003 estimate	2004 estimate
Bureau of Economic Analysis	\$ 57	\$ 67	\$ 78
Bureau of Justice Statistics	33	34	36
Bureau of Labor Statistics	475	498	512
Bureau of the Census ¹	499	725	682
Salaries and Expenses ¹	189	225	241
Periodic Censuses and Programs	310	500	441
Bureau of Transportation Statistics	31	35	36
Economic Research Service	67	73	77
Energy Information Administration	78	80	80
National Agricultural Statistics Service ²	115	141	136
National Center for Education Statistics	³ 197	190	191
Statistics	85	95	95
Assessment	³ 112	95	96
National Center for Health Statistics	127	126	125
PHS Evaluation Funds	23	47	52
Budget Authority	104	79	73

¹ Includes Mandatory Appropriations of \$20 million for each year.² Includes funds for the periodic Census of Agriculture of \$25, \$41, and \$25 million in 2002, 2003, and 2004, respectively. The 2004 Budget includes a reduction of \$16.5 million due to the lower cyclical funding needs of the quinquennial Census of Agriculture (funding needs for the Census are at their peak level in 2003).³ Includes \$17 million in administrative contract costs not necessary in 2003 or 2004, consistent with the assessment plan authorized in the No Child Left Behind Act.